

Attachment I

Federal Tax Information Training Packet For Local Agency Staff

May, 2000

Instructions:

1. Read the following information from Attachments I, Parts A and B carefully. If you do not understand any part of it, ask your supervisor for an explanation.
2. Complete Attachment I, Part C, the Authorization Sheet with your name, job title, and name of county/tribe. Check either the "Yes" or "No" box to indicate whether or not you need to access IEVS and/or TOP tax data.
3. Sign the attached Authorization Sheet to certify that you have read and understood the training packet information.
4. Return the Authorization Sheet to your supervisor or local Safeguard Custodian.
5. Keep the training packet at your work site for future reference.

Part A Federal Tax Information Safeguard Requirements

For use with Income and Eligibility Verification System (IEVS) data from the IRS Unearned Income and the BENDEX Wage computer matches and for Treasury Off-Set Program (TOP) data.

Physical Security

- Paper documents containing IRS tax data are to be secured in a locked container when not in use by an authorized staff member. A locked file cabinet, desk drawer, or similar container is adequate if the container is located in a secured area of the building not open to the public and which has some type of access control in place, such as locked doors, entry by pass identification, etc. The primary element of this requirement is that the tax data documents are actually locked in the container whenever an authorized person is not present to control access. Keys and/or lock combinations are to be available only to authorized staff. In no case can documents containing federal tax data be left out unattended. Documents containing federal tax data may not be removed from the work site.
- When transporting these documents between locations within an agency or between individuals, they are to be hand carried by an authorized staff member. When sending the documents between agencies, they should be hand carried when possible, or sent by U.S. first class mail. Documents containing federal tax data should always be transported in a sealed container to prevent inadvertent exposure of the tax data.
- Safeguarded documents are not to be copied. They are not to be placed in a case file or commingled with any other documents or materials that are subjected to a lesser security requirement.

Authorization of Access

- Access to federal tax data is to be limited to only those persons who are authorized by the agency director as having a need to know the information. A copy of each agency's list of authorized staff is to be posted with the agency and a copy sent to the DUI Safeguard Manager.

Unauthorized Disclosure or Inspection

- The Unauthorized Disclosure and Unauthorized Inspection of federal tax information are crimes subject to criminal prosecution and civil suit.

Safeguard Record Keeping

- Whenever an authorized person receives or screen prints IEVS documents containing federal tax data or returns them to another authorized person, the change in the custody of the documents is to be recorded on a "Safeguard Disposition Log". The same agency staff member who has custody of the IRS documents should maintain the Safeguard Disposition Logs. The purpose of the logs is to establish an audit trail showing every individual who accessed the tax document and the dates of access. The Safeguard Custodian should ensure that all safeguarded IEVS documents have a Safeguard Disposition Log.

Destruction of Tax Documents

- When use of the match reports or other documents containing IRS tax data has been completed, the documents are to be destroyed by shredding or burning by the agency's Safeguard Custodian or other assigned authorized staff. The document destruction is to be recorded on the IEVS Safeguard Disposition Logs and the logs returned to the DUI Safeguard Manager.

Part B Penalties for Unauthorized Disclosure of Federal Tax Data

From the Internal Revenue Code:

Section 7213 - Unauthorized Disclosure of Information

- 7213(a) - Returns and Return Information
 - (2) - State and Other Employees

It shall be unlawful for any person to willfully disclose to another person, except as authorized in this title, any return or return information acquired by him or another person under section 6103 [of the Internal Revenue Code]. Any violation of this paragraph shall be a felony punishable by a fine in any amount not exceeding \$5,000 or imprisonment of not more than five years, or both, together with the costs of prosecution.

Section 7413A - Unauthorized Inspection of Information

- 7413A(a) - Prohibitions
 - (2) - State and Other Employees

It shall be unlawful for any person to willfully inspect, except as authorized in this title, any return or return information acquired by such person or another person under a provision of section 6103 [of the Internal Revenue Code] referred to in section 7213(a)(2).

7213A(b) – Penalty

(1) - In General

Any violation of subsection (a) shall be punishable upon conviction by a fine of any amount not exceeding \$1,000, or imprisonment of not more than 1 year, or both, together with the costs of prosecution

Note - Section 7213A is intended to apply to agency staff who are authorized to access federal tax information, but willfully access (“inspect”) federal tax information that they do not have a need-to-know. The purpose of this section is to stop the occasional practice of individuals who have a legitimate need to access some safeguarded data to perform their job, from looking at other safeguarded data that may be available, but that is not needed to perform their job.

Section 7231 - Civil Damages for Unauthorized Disclosure of Information

Section 7431(a) - In General

(2) Inspection or Disclosure by a Person Who is not an Employee of the United States.

If any person who is not an employee of the United States knowingly, or by reason of negligence, inspects or discloses any return or return information with respect to a taxpayer in violation of any section 6103, such taxpayer may bring civil action for damages against such persons in a district court of the United States.

Section 7431(b) – Exceptions

No liability shall arise under this section with respect to any inspection or disclosure -

- (1) which results from a good faith, but erroneous, interpretation of section 6103, or
- (2) which is requested by the taxpayer.

Section 7431(c) - Damages.

Any action brought under subsection (a), upon a finding of liability on the part of the defendant, the defendant shall be liable to the plaintiff in an amount equal to the sum of

- (1) The greater of:
 - (A) \$1,000 for each act of unauthorized inspection or disclosure of a return or return information with respect to which such defendant is found liable, or
 - (B) the sum of:
 - (i) the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure, plus
 - (ii) in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus
- (2) The cost of the action.

Part C Federal Tax Information Authorization

I have read the information contained in the Federal Tax Information Training Packet pertaining to "Federal Tax Information Safeguard Requirements" and "Penalties for Unauthorized Disclosure" and understand my responsibilities to safeguard the confidentiality of the federal tax data to which I have access. I agree to abide by the safeguard requirements cited in the training packet and all state safeguard policies and procedures.

Name: _____
(Print)

Job Title: _____
(Print)

County/Tribe: _____
(Print)

IEVS Access Needed: ☐ Yes ☐ No

TOP Access Needed: ☐ Yes ☐ No

Signature: _____

Date: _____

Return to the DUI Safeguard Manager at:

Division of Unemployment Insurance
Bureau of Program Integrity
Public Assistance Fraud Section
201 East Washington Avenue, Room 347
P.O. Box 7905
Madison WI 53707-7905